



## OFFICE OF MANAGEMENT AND BUDGET

### **North American Industry Classification System--Revision for 2022; Update of Statistical Policy Directive No. 8, North American Industry Classification System: Classification of Establishments; and Elimination of Statistical Policy Directive No. 9, Standard Industrial Classification of Enterprises**

**AGENCY:** Office of Information and Regulatory Affairs, Office of Management and Budget, Executive Office of the President.

**ACTION:** Notice of NAICS 2022 Final Decisions; Update of Statistical Policy Directive No. 8, North American Industry Classification System: Classification of Establishments; and Elimination of Statistical Policy Directive No. 9, Standard Industrial Classification of Enterprises.

**SUMMARY:** The Office of Management and Budget (OMB) announces its final decisions to accept the recommendations of the Economic Classification Policy Committee (ECPC), as outlined in the July 2, 2021, **Federal Register** notice. OMB accepts the ECPC recommendations for the 2022 revisions to the North American Industry Classification System (NAICS), as well as the recommendations to update OMB Statistical Policy Directive No. 8, *North American Industry Classification System: Classification of Establishments* and to eliminate OMB Statistical Policy Directive No. 9, *Standard Industrial Classification of Enterprises*. In large part, the series of revisions for NAICS are designed to address decreasing usefulness of employing the mode of delivery

(online versus in store/print) as an industry delineation criterion in the Wholesale Trade, Retail Trade, and Information sectors. In short, the internet has developed from a specialized activity to a generic method of delivery for goods and services. Therefore, the 2022 revisions to NAICS reflect a deemphasis on the delivery method as an industry function used in NAICS classification. In addition, OMB has accepted the ECPC recommendations with respect to biobased products manufacturing and renewable chemicals manufacturing topic areas, including the decision to continue research and outreach in this important emerging area. There are four parts in the **SUPPLEMENTARY INFORMATION** section below, which provide more information. Part I summarizes the background of NAICS and this revision cycle. Part II contains a summary of public comments in response to the July 2, 2021, **Federal Register** notice. Part III includes a summary of the ECPC recommendations. Part IV outlines OMB's final decisions.

**DATES:** *Effective Date for 2022 NAICS United States codes and Statistical Policy*

*Directives:* Federal statistical establishment data published for reference years beginning on or after January 1, 2022, should be published using the 2022 NAICS United States codes. Publication of *NAICS United States, 2022 Manual* is planned for January 2022 on the NAICS website at [www.census.gov/naics](http://www.census.gov/naics). The updated Statistical Policy Directive No. 8, *North American Industry Classification System: Classification of Establishments*, will be effective immediately and will be posted on the OMB Statistical Programs and Standards website at [www.whitehouse.gov/omb/information-regulatory-affairs/statistical-programs-standards/](http://www.whitehouse.gov/omb/information-regulatory-affairs/statistical-programs-standards/). Statistical Policy Directive No. 9, *Standard Industrial Classification of Enterprises*, will be eliminated effective immediately.

**ADDRESSES:** Correspondence about the adoption and implementation of the 2022 NAICS as shown in the July 2, 2021, **Federal Register** notice should be sent to: Office of the Chief Statistician, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; email: *econ.naics2022@census.gov*.

Inquiries about the content of industries or requests for electronic copies of the 2022 NAICS tables that cannot be satisfied by use of the NAICS website should be sent by email to: *econ.naics2022@census.gov*.

*Electronic Availability:* **Federal Register** notices are available electronically at *www.federalregister.gov/*. This document and the July 2, 2021, **Federal Register** notice are also available on the NAICS website at *www.census.gov/naics*. The revision for 2022 will result in a number of code and title changes for NAICS. For that reason, a full list of NAICS 2022 industry codes and titles will be posted on the NAICS website referenced above prior to publication of the *NAICS United States, 2022 Manual* for reference and implementation planning. The NAICS website referenced above also contains previous NAICS United States **Federal Register** notices, ECPC Issues Papers, ECPC Reports, the structures, industry definitions, and related documents for previous versions of NAICS United States.

**FOR FURTHER INFORMATION CONTACT:** NAICS classification staff may be reached by email at *econ.naics2022@census.gov*.

For information about this notice, contact Kerrie Leslie, Office of Management and Budget, 9215 New Executive Office Building, 725 17<sup>th</sup> St. NW, Washington, DC 20503, telephone (202) 395-1093.

**SUPPLEMENTARY INFORMATION:**

*I. Background:* The North American Industry Classification System (NAICS) is a system for classifying establishments (individual business locations) by type of economic activity. Mexico's Instituto Nacional de Estadística y Geografía (INEGI), Statistics Canada, and the United States Office of Management and Budget (OMB), through its interagency Economic Classification Policy Committee (ECPC), jointly developed NAICS in 1997 and continue to collaborate on NAICS to make the industry statistics produced by the three countries comparable. NAICS helps ensure that establishment data produced across the Federal statistical system are comparable and can be used together in analysis.

It is important to note that NAICS is designed and maintained solely for statistical purposes to improve and keep current this Federal statistical standard. Consequently, although the classification may also be used for various nonstatistical purposes (*e.g.*, for administrative, regulatory, or taxation functions), the requirements of government agencies or private users that choose to use NAICS for nonstatistical purposes play no role in its development or revision.

For the 2022 revision, Canada, Mexico, and the United States focused on new and emerging industries, as well as the continued usefulness of employing the mode of delivery (online versus in store/print) as an industry delineation criterion in the Wholesale Trade, Retail Trade, and Information sectors.

The July 2, 2021, **Federal Register** notice: (1) summarized the background for the proposed revisions to NAICS 2017 in Part I; (2) contained a summary of public comments to the February 26, 2020, **Federal Register** notice (85 FR 11120) regarding priorities for changes to NAICS in 2022, the ECPC recommendation to update OMB Statistical Policy Directive No. 8, Standard Industrial Classification of Establishments, and the ECPC recommendation to withdraw OMB Statistical Policy Directive No. 9, Standard Industrial Classification of Enterprises in Part II; (3) included a list of title

changes for NAICS industries that clarify, but do not change, the existing content of the industries in Part III; and (4) provided a comprehensive listing of changes for national industries and their links to NAICS 2017 industries in Part IV.

*II. Summary of Comments Received:* Twenty-nine public comments were received in response to the ECPC proposals presented in the July 2, 2021, **Federal Register** notice (86 FR 35350). The public comments received are available for public view on [www.regulations.gov](http://www.regulations.gov). Comments received were supportive of proposed changes, suggested changes that the ECPC believed would be incompatible with the principles of NAICS or with other proposals that were recommended, or were outside the scope of the NAICS revision. Comments addressed numerous topic areas, including:

- *Employing the mode of delivery (online versus in store/print) as an industry delineation criterion.* OMB received very little response in this topic area. One commenter supported the ECPC recommended changes and a couple others indicated slight opposition, citing decreased usefulness of some uses of the data.

The following two areas received the most public comments

- *Biobased products manufacturing and renewable chemicals manufacturing.* Five commenters disagreed with the ECPC recommendations, which were to create a Compost Manufacturing industry, to not create any other new NAICS industries for biobased products manufacturers and renewable chemicals manufacturers, and to create numerous North American Product Classification System (NAPCS) product codes for these areas. Some of these commenters noted the requirement in the 2018 Farm Bill for the Department of Commerce and Department of Agriculture to work together toward developing NAICS codes for these topic areas.

- *Cannabis*. Five commenters advocated for more cannabis-specific industry classifications, and one commenter requested alignment with Canada for these detailed industries.

No comments were received on the proposed update to Statistical Policy Directive No. 8 or the elimination of Statistical Policy Directive No. 9.

*III. ECPC Recommendations:* The ECPC reviewed the comments received in response to the July 2, 2021, **Federal Register** notice. ECPC review was guided by the NAICS classification principles and with consideration of impacts on trilateral NAICS agreements with Canada and Mexico, as these measures provide an important way in which to coordinate the measurement of business activity across the three countries. Detailed ECPC responses to each comment are available on the NAICS website at [www.census.gov/naics](http://www.census.gov/naics).

Ultimately, the ECPC made no changes to its recommendations to OMB for 2022 NAICS codes or titles. However, the ECPC did make some minor revisions to its recommendations for Corresponding Index Entries.<sup>1</sup>

*IV. Final Decisions:* OMB considered the comments submitted in direct response to the July 2, 2021, **Federal Register** notice and the recommendations from the ECPC. OMB believes that the approach taken by the ECPC for these revisions is responsive to the needs identified by Federal statistical agencies and stakeholders more broadly, while adhering to the longstanding principles governing updates to the NAICS. In addition, OMB agrees with the ECPC approach for nascent industries of introducing new product codes for NAPCS, in line with previous practice.

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<sup>1</sup> A Corresponding Index Entry complements the definition of the NAICS industry by providing specific, illustrative examples to clarify the work that is captured in the NAICS industry.

Given the substantive comments received in opposition to the ECPC recommendations for biobased products manufacturing and renewable chemicals manufacturing, OMB is providing more explanation for its decision to accept these ECPC recommendations. OMB understands the importance of these growing topic areas; however, evidence to date suggests that further delineating the relevant industries at this time would risk the ability of Federal statistical agencies to publish industry data at this granular level given the small size of the potential industries. Further delineation would also jeopardize existing time series' continuity. Instead, creating new product codes for NAPCS allows Federal statistical agencies to begin collecting and publishing more granular information about products relevant to these topic areas, allowing Federal statistical agencies and stakeholders to track the size and scope of these growing topic areas, which will help inform any future relevant NAICS revisions. OMB believes creating new product codes for NAPCS is an important initial step, and notes that this approach aligns with past implementation for other nascent industries. OMB also appreciates and agrees with the ECPC about the importance of continued research and stakeholder engagement on these topic areas toward maintaining a relevant and objective statistical classification standard.

Therefore, OMB has decided to accept all ECPC recommendations outlined in the July 2, 2021 **Federal Register** notice, making no changes to the scope and substance of those recommendations.

Under the authority of the *Budget and Accounting Procedures Act* of 1950 (31 U.S.C. 1104(d)) and the *Paperwork Reduction Act* of 1995 (44 U.S.C. 3504(e)), OMB hereby announces its final decisions for adoption of NAICS revisions for 2022; for its update of Statistical Policy Directive No. 8, *North American Industry Classification System: Classification of Establishments*; and for elimination of Statistical Policy Directive No. 9, *Standard Industrial Classification of Enterprises*.

Sharon I. Block  
*Associate Administrator*  
*Office of Information and Regulatory Affairs*

## **Statistical Policy Directive No. 8**

### *North American Industry Classification System: Classification of Establishments*

The North American Industry Classification System (NAICS) is to be used to classify reporting establishments by types of industrial activity in which they are engaged. Details are presented in the North American Industry Classification System, United States, issued by the Office of Management and Budget, as amended and revised in the future. Revisions are considered every five years in calendar years ending with 2 and 7.

#### *1. Use for Federal Nonstatistical Program Purposes*

NAICS shall not be used in the administration of any regulatory, administrative, or tax program unless the Secretary (Administrator) has first determined that the use of such industry definition is appropriate to the implementation of the program's objectives. If the term "North American Industry Classification System" (NAICS) is to be used in the operative text of a statute or regulation to define industry (or trade or commerce), language similar to the following should be used to assure sufficient flexibility: "An industry or grouping of industries shall mean a North American Industry Classification System industry or grouping of industries as defined by the Office of Management and Budget subject to such modifications with respect to individual industries or groupings of industries as the Secretary (Administrator) may determine to be appropriate for the purpose of this Act (regulation)." The use, interpretation, and application of NAICS for nonstatistical purposes is controlled by and defined by the agencies or regulations that use the statistical standard for those nonstatistical purposes.



## *2. Titles and Descriptions*

The North American Industry Classification System, United States, Manual includes titles and descriptions of the industries and an alphabetic index of illustrative activities classified to industries. It is available online at: [www.census.gov/naics](http://www.census.gov/naics).

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